Corporation for NATIONAL & COMMUNITY SERVICE | SOCIAL INNOVATION FUND

# 2016 Social Innovation Fund Pay For Success Competition Overview

# Purpose of this Webinar

1. Provide an overview of the Social Innovation Fund (SIF) and its Pay for Success (PFS) program
2. Highlight key aspects and requirements of the Notice of Federal Funding Availability (NOFA) for the 2015 PFS Competition
3. Help you determine if this is the right opportunity for your organization

***Note**: You must read the NOFA and the application instructions for detailed information*

# Outline of Today's Webinar

- Social Innovation Fund (SIF)
- SIF Pay for Success (PFS) Program
- 2016 PFS Program Requirements

# The Corporation for National & Community Service

- Dedicated to improving lives and strengthening communities by fostering civic engagement through service and volunteering, and identifying and scaling effective solutions to community challenges
- Engages more than five million Americans annually in service to their communities through programs such as Senior Corps and AmeriCorps

# The Social Innovation Fund

**CREATED BY THE BIPARTISAN PASSAGE OF 2009**
**EDWARD M. KENNEDY SERVE AMERICA ACT**

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# About SIF

## Find what works, make it work for more people.

The SIF combines public and private resources to grow the impact of innovative, community-based solutions that have compelling evidence of improving the lives of people in low-income communities throughout the US.

$295 million to 43 grantees → Nearly $600 million dollars in match investment to 328 Subs → Impacting more than 625,000 individuals

# SIF: Driving Innovation at the Community Level

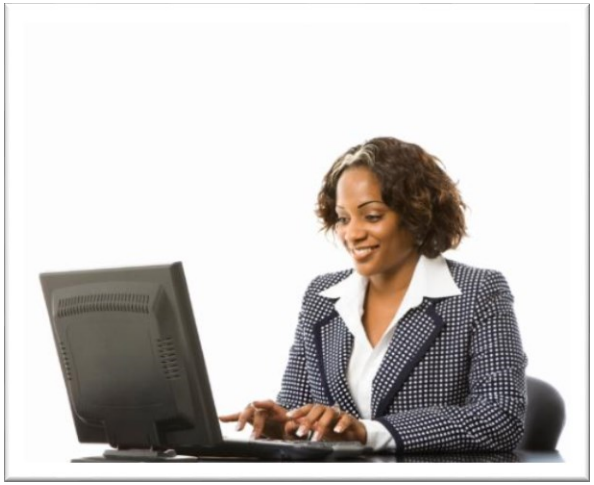
**SIF Classic Program**

**SIF Pay for Success Program**

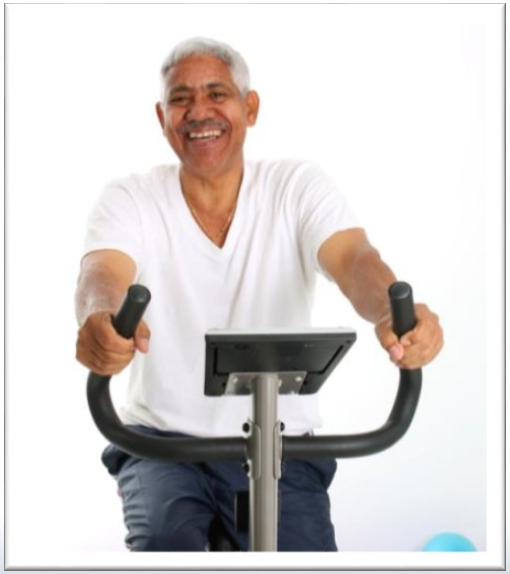
The SIF can use up to 20% of grant funds to PFS: Advancing and developing emerging models that direct resources toward interventions that produce measurable outcomes.

# SIF Classic and SIF PFS: Three Focus Areas

**Youth Development**



**Economic Opportunity**

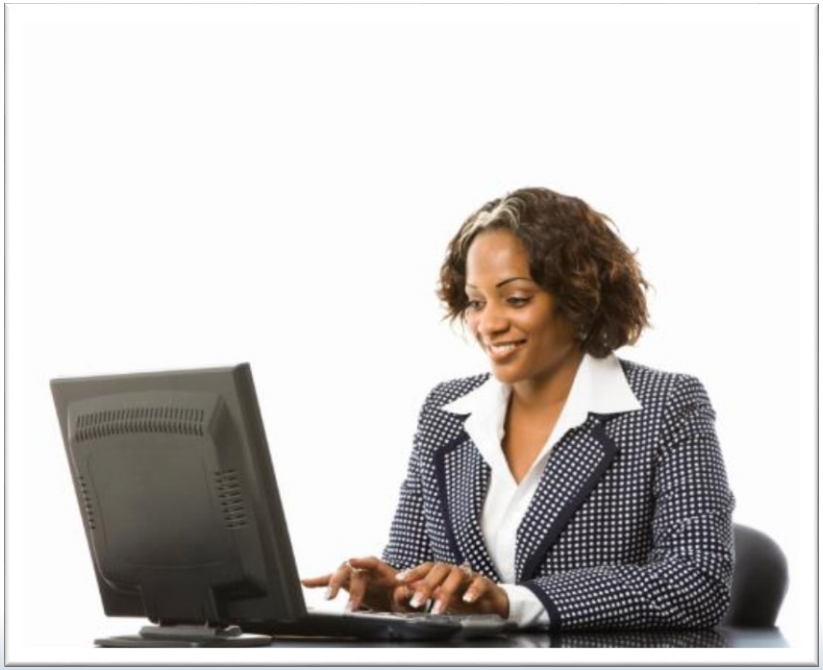


**Healthy Futures**

# Youth Development

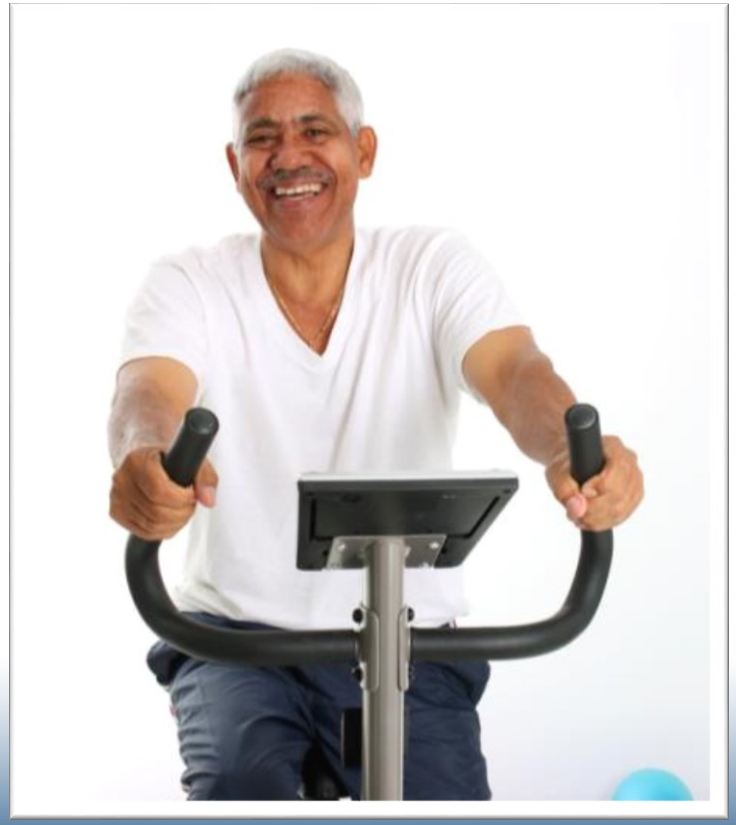
Preparing America's youth for success in school, active citizenship, productive work, and healthy and safe lives

# Economic Opportunity



Increasing economic opportunities for economically disadvantaged individuals

# Healthy Futures



Promoting healthy lifestyles and reducing the risk factors that can lead to illness

# What is Pay for Success?

A contracting model that ties funding for an intervention to its true impact in the community.

**1. PFS Agreements**

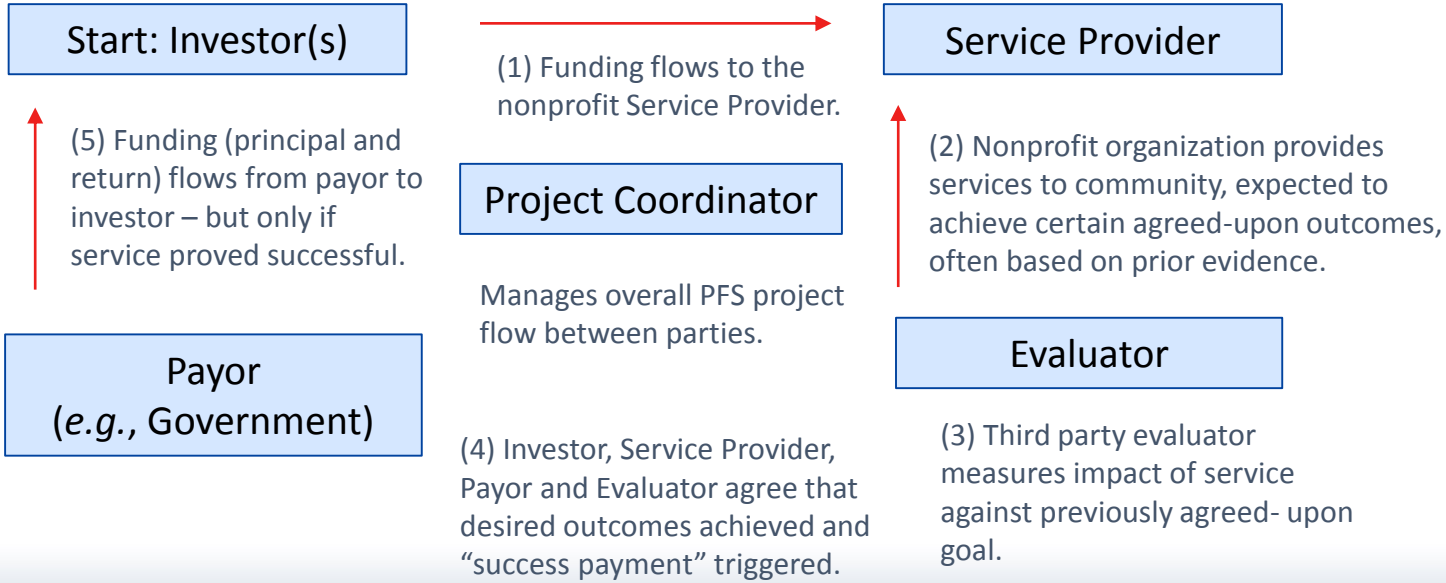
- Ex: Performance-based contracts
- Payors and Service Providers agree that services will not be paid until agreed-upon set of outcomes has been achieved/verified.

**2. PFS Financing**

- Ex: Social Impact Bonds (SIBs)/Outcomes Financing
- Third party investor fronts capital to service provider.
- Payor repays Investor only when outcomes have been achieved/verified.

# How does Pay for Success Finance work?

Flow of Funding / Operations in a PFS Finance Project:



# Stages of Pay for Success

**1. Conception**

- Learn about PFS
- Assemble team

**2. Feasibility**

- Determine whether PFS can work for specific issue
- Examine target populations
- Consider outcomes

**3. Construction**

- Determine outcome benchmarks
- Begin contract negotiation
- Raise capital if there is PFS Financing

**4. Implementation**

- Deliver services
- Measure outcomes
- Release outcomes payments as warranted

SIF PFS Program funding stages 2 and 3

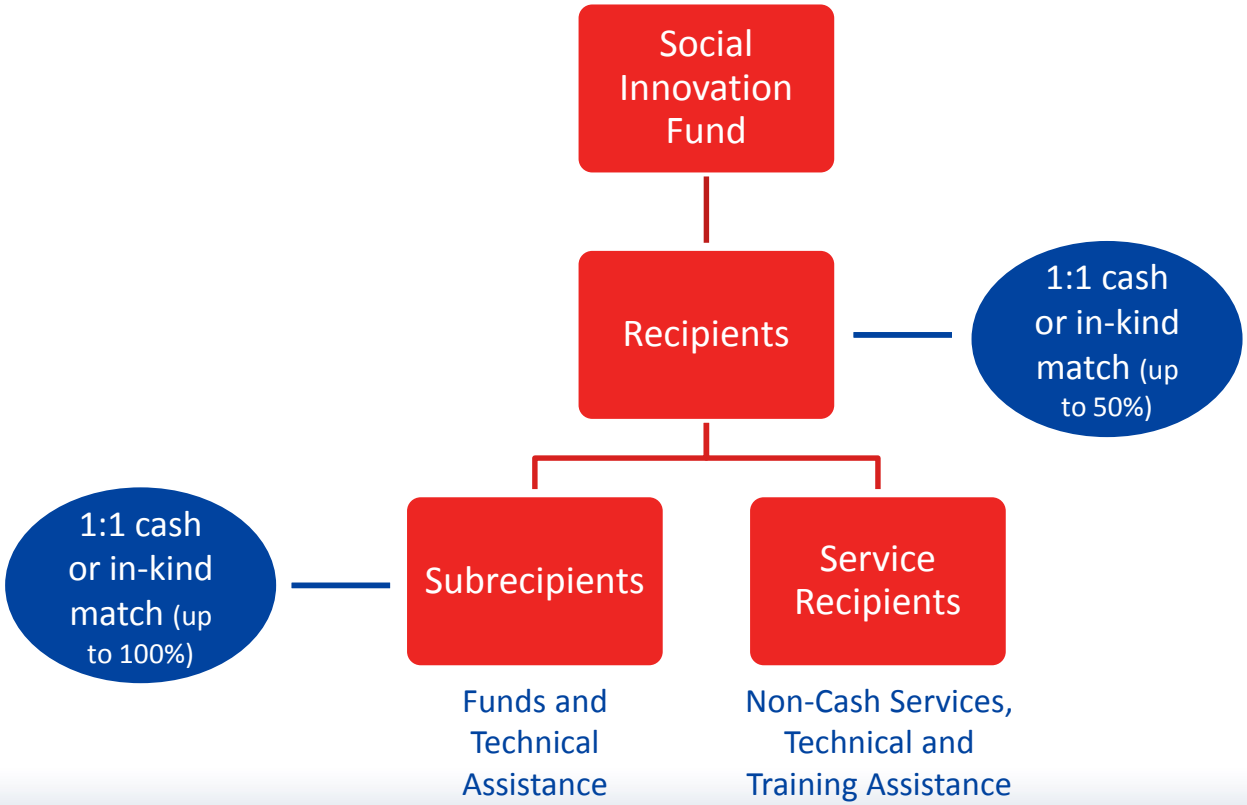
# Why Does PFS Matter?

- ✓Provides capital in time of tight budgets and growing need
- ✓Leverages private sector investors to scale effective interventions
- ✓Focus on prevention, not remediation
- ✓Minimizes risk to the government and maximizes return on taxpayer dollars
- ✓SIF mission: find what works, make it work for more people

# Brief Question/Answer Period

- Speak via unmuted lines
- Type question into chat box

# Structure of the 2016 PFS Program



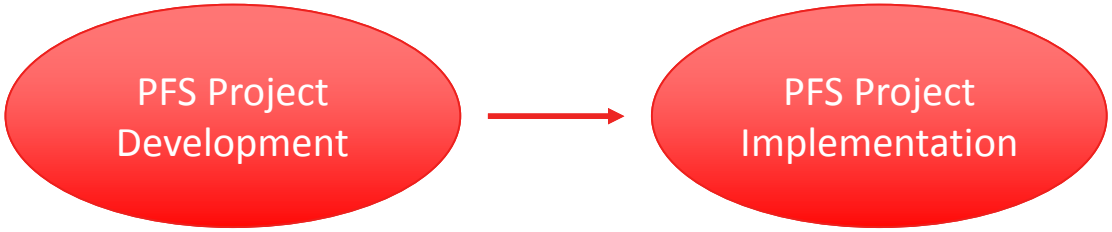
# Our Approach to the PFS Program

- Innovation
- Evidence
- Recipients
- Scale
- Match
- Knowledge Sharing

# SIF PFS Program Objectives

- ✓ Increase ability to generate, analyze, and manage data to improve outcomes
- ✓ Increase the number of High-Quality PFS projects
- ✓ Increase knowledge about which practices increase the likelihood of successful implementation of PFS Projects
- ✓ Accelerate the development of the PFS field
- ✓ Attract capital to finance solutions to challenges facing low-income communities nationwide

# 2016 SIF PFS Approach: Structure and Enable PFS Projects




- ✓ Provide overall PFS Project coordination and support
- ✓ Raise capital and develop capital structure
- ✓ Facilitate agreement between each of the parties to the PFS Project
- ✓ Close the PFS Project and prepare for post-closing activities
- ✓ Support "ramp-up" activities

# Funding and Eligibility

| | Funding |
|---|---|
| Total Available | Up to $10.6 million |
| Annual Grant for Each Recipient | $350,000-$1,800,000 |
| Total Funding Available for Each Recipient | $1,050,000-$5,400,000 |
| Funding for Each Sub (annual, in federal dollars) | $75,000-$400,000 |

| | Eligibility |
|---|---|
| Recipients (applicants to FY16 SIF PFS Competition) | Nonprofit organizations, public or nonprofit universities, state and local governments (and other political subdivisions), tribes, as well as faith-based organizations (or partnerships). |
| Subs | Nonprofit organizations, public or nonprofit universities, state and local governments (and other political subdivisions), tribes, as well as faith-based organizations (or partnerships). |

# Key Program Requirements

- ✓ Match
- ✓ Subrecipients and Service Recipients
- ✓ Evaluation and Knowledge Sharing
- ✓ Deliverables
- ✓ Allocation of Funds

# Requirement: Recipient Match

- Recipients are required to match their grant awards on a 100% dollar for dollar basis
- Up to 50% of match can be in-kind from a third party
- At the time of application, must demonstrate ability to meet 10% of what they must raise in year one for a match

# Requirement: Subrecipient Match

- Subrecipients must match 100% federal funds expended with non-federal funds
- Up to 100% can be third party, in-kind

*(Note: not Service Recipients)*

# Requirement: Subrecipients and Service Recipients

- Two-tiered grantmaking structure
- Within six months of receiving award, Recipients must select Subs through an open and competitive process.
- At least one month in advance of releasing the competition, Recipients must submit to CNCS a Sub-Selection Plan for approval.
- Recipient monitoring of Subs throughout duration of subaward.

# Requirement: Participation in SIF PFS Evaluation, and Knowledge Sharing

## National Evaluation

- CNCS will work with a third party to evaluate the PFS program

## Knowledge Sharing

- SIF-led efforts
- Recipient-led efforts, including sharing tools and documents publically

# Requirement: Deliverables

- Recipients must provide Deliverables to SIF at the end of the grant period.
- Examples:
  - report and assessment on the transaction structuring activities,
  - examination of any subsequent activities related to fully structured High-Quality PFS Project agreements,
  - final report on the initiation of a PFS Project.

# Requirement: Allocation of Funds

- 80% of funds must be spent on services/awards
- Up to 20% can be spent on administrative and other project costs
- Once award is made, SIF may consider exceptions

# Qualities of SIF PFS Recipients

It is expected that PFS Recipients are:

- ✓ High-performing entities with strong track records
- ✓ Experienced with social finance, PFS or social innovation
- ✓ Experienced operating open competitions and managing subs
- ✓ Well-equipped to assess, oversee and report on subs

# Review Process

1. Compliance review
2. Blended review (Staff from CNCS and other Federal Agencies)
3. Clarifications (if necessary)
4. Final Decision
5. Notification – anticipated Spring 2016
6. Award – anticipated Summer 2016

# Key Documents and Resources

www.nationalservice.gov/SIF

Click on Pay for Success New Funding Opportunity Graphic

- NOFA and application instructions
- PFS and Competition Fact Sheets
- Frequently Asked Questions
- Link to previous successful applications
- National Service Hotline – extended hours
- Other resources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# Next Steps

- Office Hours Webinar – January 26, 2016
- Notice of intent due January 13, 2016 at 5:00 PM Eastern Daylight Time (encouraged)
- Applications due February 11, 2016, 5:00 PM Eastern Daylight Time
- Questions? PFSApplication@cns.gov or (202) 606-3223

# Why the SIF?

"The bottom line is clear: **solutions to America's challenges** are being developed every day at the **grass roots** – and government shouldn't be supplanting those efforts, it should be **supporting those efforts**.

"Instead of wasting taxpayer money on programs that are obsolete or ineffective, government should be seeking out **creative**, **results-oriented** programs … and helping them **replicate their efforts** across America."

*-President Obama, June 30, 2009*

# How to Reach Us

**Email**: PFSApplication@cns.gov

**Voicemail**: 202.606.3223

**Updates**: Sign up at www.nationalservice.gov/sif